

A Plan to Improve School Finance and Reduce Property Taxes

Objective: Reduce property taxes by 20%

Cost: 1.44 billion dollars

Method: Increase sales tax rate and repeal sales tax exemptions – monies to be placed in Segregated fund with annual growth to K-12

Distribution: Current equalization aid formula

Specifics:

Increase current sales tax rate 5 to 6% = **\$800M**

Repeal Exemptions:

Services

Janitorial Services	23M
Research Development and Testing	26M
Protective Services	13M
Personnel Services	53M
Management Consulting	50M
Legal Services	87M
Arch-Engineering & Survey	63M
Accounting	50M
Beauty-Barber	23M
Dues Bus Org & Fraternal	13M
Auto & Travel Club	2M
Vet Services	13M
Bank Account	20M
Health Club	2M
Tax Prep Services	3M
Commissions Real Estate	46M
Funeral Services	11M
Caskets & Vaults	4M

Household

Newspapers & Periodicals	15M
Coin Operated Laundry	3M

Farming

Machinery & Equipment Farming	32M
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Business

Waste Treatment Facilities	20M
Motion Pictures & TV advertising	8M

Misc

Retailers Discount	22M
Catalogue Sales and E-Commerce	150M

Net	<u>\$ 752M</u>
Total	\$ 1.552B

Objective: State funding of school districts transportation
Cost: 340 million

Method: Increase vehicle registration and repeal exemption on vehicle trade-ins.

Distribution: Direct state aid

Specifics:

Repeal current exemption on auto trade in	140M
Increase motor vehicle registration by \$50.00 (Prefer progressive system)	165M
Balance from transportation funds	<u>35M</u>
	340M

Objective:

Ensure local govts don't "fill the void" with 20% reduction in property tax

Method:

- Levy limits tied to growth in pers income
- Review school limits
- Develop consolidation incentives – options 1 or 2
- Annual audit of expenses
- Mandate max reserve fund with schools and local governments at a set percentage